

Financial Status Report

Prepared by the Finance Department

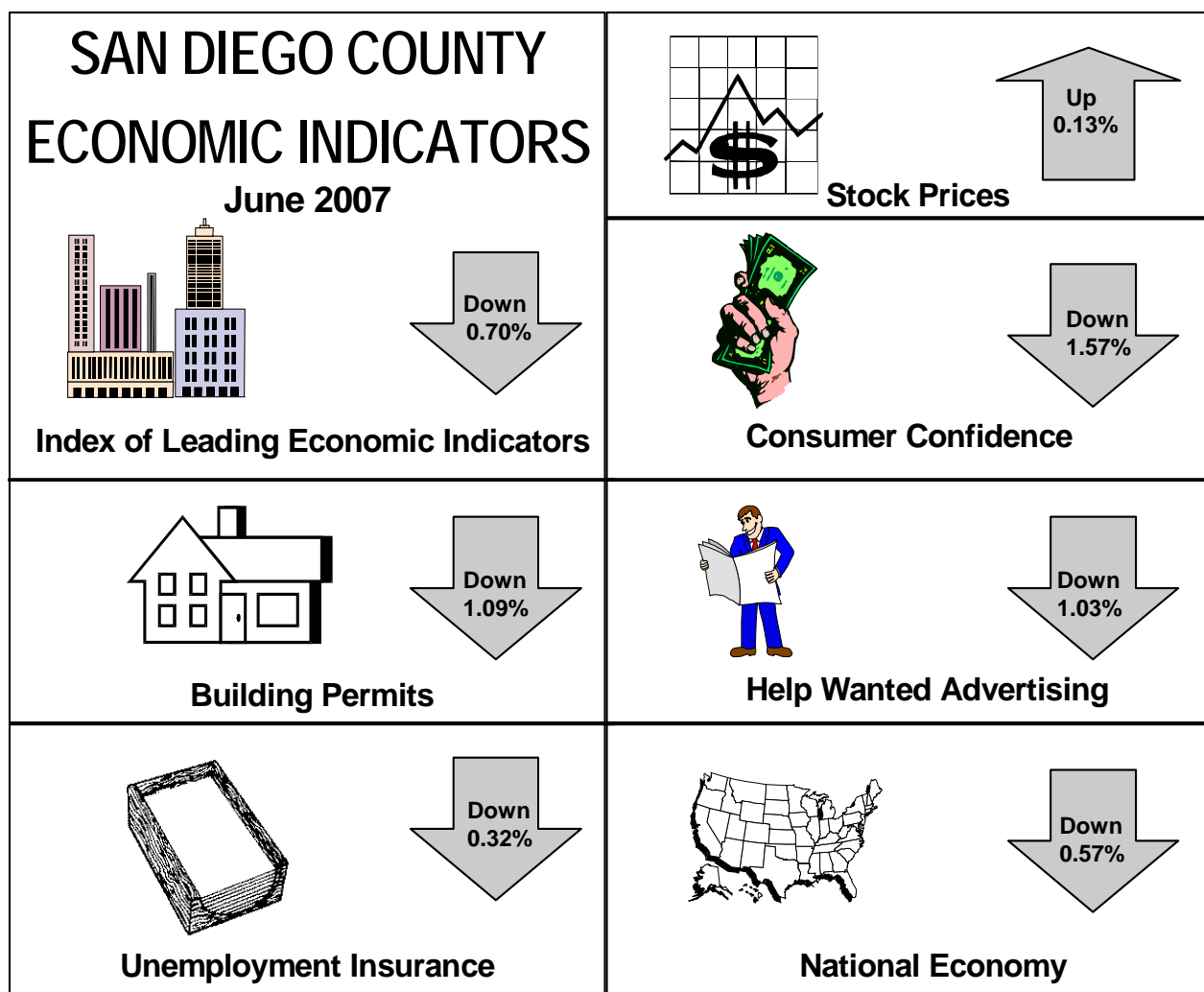


July 31, 2007

This report summarizes the City of Carlsbad's General Fund revenues and expenditures through July 31, 2007. It compares revenues and expenditures for the first month of Fiscal Year 2007-08 and Fiscal Year 2006-07. In addition, the financial status of the Water and Sanitation Enterprises and the Village Project Area of the Redevelopment Agency are included. This report is for internal use only. The figures presented here are unaudited and have not been prepared in accordance with Generally Accepted Accounting Principles (GAAP).

Carlsbad's revenue trends appear to mirror the San Diego region in general. Therefore, on a monthly basis, this report will provide the most recent economic data for the area: The San Diego County Economic Indicators. We believe this information provides the reader with some insight on the direction of the local economy.

SAN DIEGO ECONOMIC INDICATORS



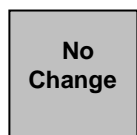
Source: University of San Diego School of Business Administration, *USD Index of Leading Economic Indicators*, August 1, 2007.

According to the USD Index of Leading Economic Indicators Report:

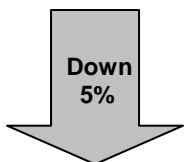
The University of San Diego's Index of Leading Economic Indicators for San Diego County fell 0.7% in June. Leading the way to the downside were sharp drops in building permits, consumer confidence, and help wanted advertising. There were also smaller declines in initial claims for unemployment insurance and the outlook for the national economy. The only positive component was local stock prices, which were up slightly during the month.

June's decrease was the largest one month drop in the USD Index of Leading Economic Indicators since May 2006. Unlike recent months, the decline in June was broad-based, with five of the six components of the Index down during the month. The dominant factor in the local economy remains the slumping housing market, which is negatively impacting employment and income, hurting consumption, and leading to a surge in the number of foreclosures. At this point, there appears to be no sign of a turnaround in the near future, with the local economy expected to be weak through at least the early part of 2008. Although a full-fledged recession is not likely for San Diego, the possibility is higher than just a few months ago and cannot be discounted.

Residential units authorized by building permits finished the first half of 2007 off 34% compared to the same period in 2006. In a reversal of recent trends, multi-family permits (down 44%) fared worse than single family permits (down 21%). The labor market continues under pressure, with both initial claims for unemployment insurance and help wanted advertising down in June. Help wanted advertising has now fallen for ten consecutive months. Monster.com reports weakness in online advertising, particularly in white collar sectors such as legal services, management, and technical/professional services. The net impact was year-over-year job growth of only 1,600 in June, leading the local unemployment rate to rise to 4.6% versus 4.2% one year ago. Although the raw numbers on local consumer confidence were up, the seasonally adjusted trend continues to drop. In addition to high gas prices, worries about the housing market, including the increasing rate of foreclosures, may be taking a toll. Local stock prices were up for the third month in a row and finished the first half up 6.62%. They beat the S&P 500 (up 6.00%) but trailed the Dow Jones Industrial Average (up 7.59%) and the Nasdaq Composite (up 7.78%). The national economic news remains mixed. Initial reports on GDP showed that it grew at a 3.4% annual rate in the second quarter, up from a 0.6% growth rate in the first quarter. However, the national Index of Leading Economic Indicators continued its erratic behavior with a drop in June, marking the fourth time in six months that the national Index has fallen. The weakness in the housing market is also impacting the national economy. One worry is that the problems with sub prime mortgages could spill over and adversely affect higher quality of debt as well.¹

TOP GENERAL FUND REVENUES

Property Taxes (\$0) – The majority of property tax revenue is collected in December and April each fiscal year. No property tax revenue was collected in the month of July 2007, which is consistent with previous fiscal years. According to the County of San Diego Assessor's Office, assessed values in Carlsbad have increased by 9.9% for Fiscal Year 2007-08. This is the lowest growth percentage in assessed values that the City has seen in the past five fiscal years. This reflects a countywide slow down in property valuation, but it should be noted that the City of Carlsbad still had the second largest increase year over year of any city in San Diego County.



Sales Taxes (\$1.4 million) – For the first month of the new fiscal year, sales tax revenues are \$70,000 (or 5%) lower than July 2006. Sales tax revenues for the month represent the second advance of the City's second quarter sales tax revenues. Advances are based on prior year activity, and are not a true indicator of the current economy. The primary factor in the decrease over the prior fiscal year is the result of the State Board of Equalization lowering the growth factor applied to the monthly advances in the current quarter versus the same quarter last fiscal year.

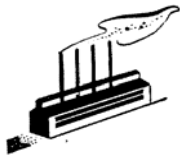
¹ University of San Diego School of Business Administration, *USD Index of Leading Economic Indicators Down in June*, August 1, 2007.

For sales occurring in the first calendar quarter of 2007 (the most recent data available), key gains could be seen in new auto sales, light industry, and apparel stores. During the same period, key declines could be seen in construction (wholesale and retail building materials), department stores, and miscellaneous retail. Excluding one-time payments received as the result of audit findings, payments for previous quarters, etc., actual sales tax transactions were up 0.3% for sales occurring in the twelve months ended March 31, 2007 over the same twelve-month period last year.

The largest economic segments in the City continue to be new auto sales, department stores, restaurants, apparel stores, and miscellaneous retail. Together, they generate 67% of the City's sales tax revenues.

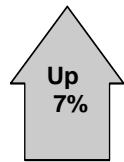


Transient Occupancy Tax (\$1.5 million) – Transient Occupancy Taxes (TOT) for the month is \$432,000 or 39% higher than July of 2006. Most of this increase (68%) is due to a timing difference. Large TOT payments were received at the beginning of July 2007, when they had been received at the end of June 2006 in the previous fiscal year. Tourism continues to remain strong, accounting for 32% of the increase, with the two largest hotels making up almost half of that figure. Year-to-date TOT figures represent taxes collected on hotel receipts through the month of June 2007.



Franchise Taxes (\$562,000) – Franchise fees are generated from public utility sources such as San Diego Gas & Electric (SDG&E), trash collection franchises, and cable franchises conducting business within City limits. Year-to-date franchise fees are up \$22,000 over the same period last year due primarily to an increase in the quarterly franchise taxes paid by the cable franchisee.

Approximately 53% of the total franchise fee revenue anticipated for the year will be collected from SDG&E during the month of April 2008.



Recreation Fees (\$358,000) – Recreation fees are generated through instructional classes, youth and adult sports, the triathlon, and other special events, day trips, various aquatic programs, and lagoon permits. Year-to-date recreation fee revenue is \$25,000 higher than the previous fiscal year. The largest factors in this year's increase are increased participation in instructional classes, youth sports and the annual triathlon. These increases were partially offset by lower revenues in arts camps, senior trips and the various aquatic programs.



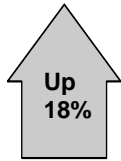
Income from Investments and Property (\$355,000) – For the first month of the fiscal year, income from investments and property is up \$87,000 compared to the previous year. The higher revenue is a combination of an increase in interest income (up 32%) and an increase from the rental and sale of City-owned property (up 34%).

Interest income is up for the month due to the effects of a 14% increase in the average daily cash balance combined with a 6% increase in the average yield on the portfolio for the first month of the fiscal year.

Income from property rentals and sales is up compared to the previous year primarily due to additional recreation site rentals.

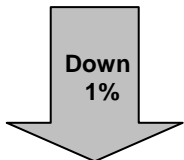


Ambulance Fees (\$259,000) – The City bills any individual who is transported in one of the City's ambulances. During the month of July 2007, receipts from ambulance fees are up 223% or \$179,000 higher than last fiscal year at this time. Ambulance revenues have been impacted by an increase in the number of transported patients that were billed in July 2007 versus July 2006 (384 in the current fiscal year versus 273 last fiscal year).



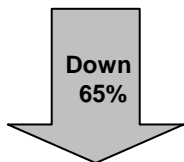
Business License Tax (\$238,000) – Business license revenues have increased by \$36,000 compared to Fiscal Year 2007. The reason for this increase is twofold. A new, large business paid their business license for the first time in July 2007. In addition, a timing difference in the receipt of the annual license for one of the City's larger businesses also contributed to the increase for the month. There are currently 8,429 licensed businesses, 55 more than this time

last year. The majority of taxed businesses (5,873 businesses) are located in Carlsbad, with 2,526 of these businesses home-based.



Interdepartmental Charges (\$173,000) – Interdepartmental charges are \$1,000, or 1% lower than last year. These charges are generated through engineering services charged to capital projects and miscellaneous interdepartmental expenses charged to funds outside the General Fund for services performed by departments within the General Fund. The decrease for July is due to reduced

engineering services charged to capital projects.



Development-Related Revenues (\$164,000) – Development-related revenues, which include building permits, planning fees, building department fees, and engineering fees, reflect a decrease for the month of July 2007. It is anticipated that these revenues will decline in total by almost 36% for the entire fiscal year. As it was mentioned earlier in the report, the San Diego Index of Leading Economic Indicators have indicated

that the region is currently experiencing a significant drop in development.

Development related fees are paid by developers to cover the cost of reviewing and monitoring development activities such as plan checks and inspections. One of the largest development-related revenue sources year-to-date is engineering plan check fees. Some of the activity in July included residential development at the Roosevelt Street Condominiums; as well as commercial development with the Carlsbad Ranch Resort, the Fenton Carlsbad Research Center and the demolition and reconstruction of the Chevron Service Station near Plaza Camino Real.

Another source of development-related revenue is building permits, which are down 38% compared to last fiscal year. The decrease in building permit revenue is derived from the combination of a decrease in the valuation of new construction and a decrease in the number of residential building permits issued. The valuation of new construction in the current fiscal year is just over \$17.4 million, while it was just over \$26.8 million in the previous fiscal year, a 35% decrease. For the first month of the fiscal year, one residential permit was issued, as compared to 14 permits issued during the same period last year.

Carlsbad issued ten permits for new reportable non-residential space, for a total of 147,313 square feet in July. The non-residential space includes 6,200 square feet of commercial space for Carlsbad Fire Station No. 6. Eight permits were issued for a total of 77,445 square feet of industrial space located in Bressi Ranch. Finally, a permit for 63,668 square feet of commercial space was issued for the Carlsbad Ranch Resort. Year-to-date there has been a combined 147,313 square feet in commercial/industrial permits issued, as compared to 226,693 square feet at this time in Fiscal Year 2007.



Fines and Forfeitures (\$128,000) – Fines and forfeitures represent fees collected for code violations, parking citations, overdue fines, and returned checks. The City recognizes revenues when the citizen pays the fine or forfeiture, as opposed to when the fine is imposed. An increase in the number of moving and parking citations

issued has led to additional revenues received by the City, although the majority of moving violation revenue is paid to the courts for the administration of these citations.

EXPENDITURES

Total General Fund expenditures and encumbrances for July 2007 are \$24.4 million, compared to \$22.1 million at the same time last year. This leaves \$99.2 million, or 80.3%, available through the fiscal year-end on June 30, 2008. If funds were spent in the same proportion as the previous year, the General Fund would have 80.2% available. Excluding the transfers out, contingencies, and non-departmental charges, the percentage available at July 31, 2007 is 85.5%, slightly more than the 84% available at July 31, 2006. One of the larger factors reflected in the increase in committed funds for the current year is an update of the City's General Plan, Local Coastal Program and Zoning Ordinance planned for the 2007-08 Fiscal Year.

The City Council has allocated \$2.3 million out of the General Fund budget to be available for unanticipated emergencies or unforeseen program needs. As of July 31, 2007, no funds have been authorized out of the contingency account.

Detailed schedules of General Fund revenues and expenditures are provided on the following pages.

GENERAL FUND REVENUE COMPARISON					
	EXPECTED BUDGET AS OF 08/31/07	ACTUAL FY 2007 AS OF 08/31/06	ACTUAL FY 2008 AS OF 08/31/07	CHANGE FROM YTD 2007 TO YTD 2008	PERCENT CHANGE
TAXES					
PROPERTY TAX	\$1,846,352	\$1,613,108	\$0	(\$1,613,108)	0%
SALES TAX	3,537,119	3,461,112	1,374,300	(2,086,812)	-60%
TRANSIENT TAX	3,025,838	2,866,433	1,533,343	(1,333,090)	-47%
FRANCHISE TAX	590,250	561,184	561,533	349	0%
BUSINESS LICENSE TAX	552,282	514,516	238,034	(276,482)	-54%
TRANSFER TAX	78,615	97,927	0	(97,927)	0%
TOTAL TAXES	9,630,454	9,114,280	3,707,210	(5,407,070)	-59%
INTERGOVERNMENTAL					
VEHICLE LICENSE FEES	167,099	162,623	7,162	(155,461)	-96%
HOMEOWNERS EXEMPTIONS	0	0	0	0	0%
OTHER	143,574	159,584	27,900	(131,684)	-83%
TOTAL INTERGOVERNMENTAL	310,673	322,207	35,062	(287,145)	-89%
LICENSES AND PERMITS					
BUILDING PERMITS	137,289	191,587	53,993	(137,594)	-72%
OTHER LICENSES & PERMITS	156,143	194,091	60,713	(133,378)	-69%
TOTAL LICENSES & PERMITS	293,433	385,678	114,706	(270,972)	-70%
CHARGES FOR SERVICES					
PLANNING FEES	122,043	302,227	16,532	(285,695)	-95%
BUILDING DEPARTMENT FEES	111,946	120,793	44,480	(76,313)	-63%
ENGINEERING FEES	135,312	213,077	48,966	(164,111)	-77%
AMBULANCE FEES	260,833	235,416	258,856	23,440	10%
RECREATION FEES	553,060	541,781	358,040	(183,741)	-34%
OTHER CHARGES OR FEES	117,131	114,342	52,248	(62,094)	-54%
TOTAL CHARGES FOR SERVICES	1,300,325	1,527,636	779,122	(748,514)	-49%
FINES AND FORFEITURES	182,142	211,661	128,260	(83,401)	-39%
INCOME FROM INVESTMENTS & PROPERTY	508,472	509,031	354,718	(154,313)	-30%
INTERDEPARTMENTAL CHARGES	428,333	345,885	173,001	(172,884)	-50%
OTHER REVENUE SOURCES	125,000	53,147	44,900	(8,247)	-16%
TOTAL GENERAL FUND	\$12,778,832	\$12,469,525	\$5,336,979	(\$7,132,546)	-57%

(1)

(1) Calculated General Fund revenues are 6.8% above estimates as of August 2007.

GENERAL FUND EXPENDITURE STATUS BY DEPARTMENT					
DEPT	DESCRIPTION	TOTAL	AS OF 07/31/07		
		BUDGET FY 2007-08	AMOUNT COMMITTED (b)	AVAILABLE BALANCE	% AVAILABLE*
POLICY/LEADERSHIP GROUP					
	CITY COUNCIL	\$392,144	\$27,220	\$364,924	93.1%
	CITY MANAGER	1,690,191	170,173	1,520,018	89.9%
	COMMUNICATIONS	1,221,983	259,433	962,550	78.8%
	CITY CLERK	172,296	10,263	162,033	94.0%
	CITY ATTORNEY	1,265,460	99,182	1,166,278	92.2%
	CITY TREASURER	192,675	16,310	176,365	91.5%
	TOTAL POLICY/LEADERSHIP	4,934,749	582,581	4,352,168	88.2%
ADMINISTRATIVE SERVICES					
	ADMINISTRATION	965,575	96,601	868,974	90.0%
	ENVIRONMENTAL RESOURCES MGMT.	149,750	0	149,750	100.0%
	FINANCE	3,273,579	466,897	2,806,682	85.7%
	HUMAN RESOURCES	3,105,090	526,439	2,578,651	83.0%
	RECORDS MANAGEMENT	941,926	85,362	856,564	90.9%
	TOTAL ADMINISTRATIVE SERVICES	8,435,920	1,175,299	7,260,621	86.1%
PUBLIC SAFETY					
	POLICE	26,050,437	2,122,911	23,927,526	91.9%
	FIRE	17,471,051	2,108,653	15,362,398	87.9%
	TOTAL PUBLIC SAFETY	43,521,488	4,231,564	39,289,924	90.3%
COMMUNITY DEVELOPMENT					
	COMMUNITY DEVELOPMENT ADMIN	2,670,279	2,101,179	569,100	21.3%
	HIRING CENTER (c)	88,000	82,600	5,400	6.1%
	GEOGRAPHIC INFORMATION	558,867	37,158	521,709	93.4%
	ECONOMIC DEV/REAL ESTATE MANAGEMENT	321,539	20,908	300,631	93.5%
	PLANNING	4,958,059	719,811	4,238,248	85.5%
	BUILDING	2,344,732	560,347	1,784,385	76.1%
	TOTAL COMMUNITY DEVELOPMENT	10,941,476	3,522,003	7,419,473	67.8%
COMMUNITY SERVICES					
	PARK PLANNING & RECREATION	6,033,992	709,361	5,324,631	88.2%
	SENIOR PROGRAMS	1,396,283	450,882	945,401	67.7%
	LIBRARY	9,966,630	994,870	8,971,760	90.0%
	CULTURAL ARTS	920,470	133,342	787,128	85.5%
	TOTAL COMMUNITY SERVICES	18,317,375	2,288,455	16,028,920	87.5%
PUBLIC WORKS					
	PUBLIC WORKS ADMINISTRATION	1,169,984	116,634	1,053,350	90.0%
	ENGINEERING	9,521,599	1,148,562	8,373,037	87.9%
	PARKS	5,779,953	869,686	4,910,267	85.0%
	STREETS & TRAFFIC SIGNALS	4,022,741	1,092,815	2,929,926	72.8%
	FACILITIES	4,271,673	1,006,476	3,265,197	76.4%
	TOTAL PUBLIC WORKS	24,765,950	4,234,173	20,531,777	82.9%
NON-DEPARTMENTAL & CONTINGENCY					
	OTHER NON-DEPARTMENTAL (a)	1,795,490	188,190	1,607,300	89.5%
	TRANSFERS OUT	8,621,800	8,175,000	446,800	5.2%
	CONTINGENCY	2,240,000	0	2,240,000	100.0%
	TOTAL NON-DEPT & CONTINGENCY	12,657,290	8,363,190	4,294,100	33.9%
TOTAL GENERAL FUND		\$123,574,248	\$24,397,265	\$99,176,983	80.3%

(a) Other non-departmental expenses include property tax administration fees, assessment district administration, citywide litigation expenses, 2005 storm damage costs and other items not attributed to a specific department.

(b) Total committed includes expenditures and encumbrances.

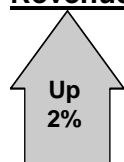
(c) The Hiring Center contracts are encumbered in full at the beginning of each year, thereby reducing the available funds.

* Amount available would be 80.2% if funds were spent in the same proportion as the previous year.

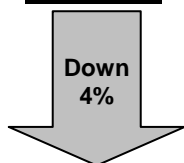
WATER ENTERPRISE

WATER OPERATIONS FUND JULY 31, 2007

	BUDGET FY 2007-08	YTD 07/31/2006	YTD 07/31/2007	CHANGE FROM YTD 2006-07 TO YTD 2007-08	PERCENT CHANGE
REVENUES					
WATER SALES	16,218,282	1,620,303	1,641,692	21,389	1.3%
CHARGES FOR CURRENT SERVICES	5,315,922	352,812	366,500	13,688	3.9%
PROPERTY TAXES	2,488,479	0	0	0	0.0%
FINES, FORFEITURES & PENALTIES	255,000	21,954	24,764	2,810	12.8%
INTEREST	326,216	48,813	47,478	(1,335)	-2.7%
OTHER REVENUES	514,500	22,040	33,093	11,053	50.1%
TOTAL OPERATING REVENUE	25,118,399	2,065,922	2,113,527	47,605	2.3%
EXPENSES					
STAFFING	3,039,451	238,640	218,269	(20,371)	-8.5%
INTERDEPARTMENTAL SERVICES	2,326,132	183,717	194,361	10,644	5.8%
PURCHASED WATER	13,500,000	0	0	0	0.0%
MWD/CWA FIXED CHARGES	2,689,925	1,526	0	(1,526)	-100.0%
OUTSIDE SERVICES/MAINTENANCE	630,617	6,088	0	(6,088)	-100.0%
DEPRECIATION/REPLACEMENT	2,993,000	0	0	0	0.0%
CAPITAL OUTLAY	11,650	0	0	0	0.0%
MISCELLANEOUS EXPENSES	929,589	4,722	7,047	2,325	49.2%
TOTAL OPERATING EXPENSES	26,120,364	434,693	419,677	(15,016)	-3.5%
OPERATING INCOME/(LOSS)	(1,001,965)	1,631,229	1,693,850	62,621	3.8%

Revenues

- The increase in water sales is the result of a 3% decrease in the number of water unit sales combined with a 5% rate increase that went into effect on August 1, 2006.
- An additional 2,468 residential water customers over the last twelve months and a 5% increase in the monthly delivery charge of water that went into effect on August 1, 2006, have impacted charges for current services in the 2007-08 Fiscal Year.
- An increase in late charges is reflected in higher fines, forfeitures and penalties. Late charges are 10% of a water bill, and tend to go up as water sales and the customer base increase.
- The Enterprise has seen an increase in SDCWA credits, which are reflected in higher other revenues. SDCWA credits represent water rebates for the irrigation of agricultural lands.

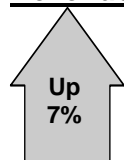
Expenses

- Lower staffing costs are the result of one-time vacation and leave payouts for retired employees incurred at this time in the prior fiscal year.
- An increase in engineering services charged to water operations and higher vehicle maintenance costs are the primary factors in the change in interdepartmental services.
- Water purchases lag water sales by approximately one month.
- As with water purchases, MWD/CWA fixed charges lag water sales by one month. These expenses will start to show up in August 2007.
- Costs in Fiscal Year 2006-07 related to the proposed desalination facility are reflected in the decrease in outside services and maintenance.
- Postage costs related to the public notice mailing of the proposed increase in utility rates is reflected in higher miscellaneous expenses.

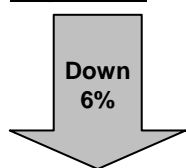
SANITATION ENTERPRISE

SEWER OPERATIONS FUND
JULY 31, 2007

	BUDGET FY 2007-08	YTD 07/31/2006	YTD 07/31/2007	CHANGE FROM YTD 2006-07 TO YTD 2007-08	PERCENT CHANGE
REVENUES					
CHARGES FOR CURRENT SERVICES	8,320,565	624,499	671,833	47,334	7.6%
INTEREST	145,770	20,237	18,130	(2,107)	-10.4%
OTHER REVENUES	273,436	29,418	27,709	(1,709)	-5.8%
TOTAL OPERATING REVENUE	8,739,771	674,154	717,672	43,518	6.5%
EXPENSES					
STAFFING	1,494,962	87,498	78,689	(8,809)	-10.1%
INTERDEPARTMENTAL SERVICES	1,269,141	87,085	94,146	7,061	8.1%
ENCINA PLANT SERVICES	3,382,381	0	0	0	100.0%
OUTSIDE SERVICES/MAINTENANCE	271,484	896	0	(896)	-100.0%
DEPRECIATION/REPLACEMENT	3,332,000	0	0	0	100.0%
CAPITAL OUTLAY	816,200	5,924	0	(5,924)	-100.0%
MISCELLANEOUS EXPENSES	409,622	3,829	472	(3,357)	-87.7%
TOTAL OPERATING EXPENSES	10,975,790	185,232	173,307	(11,925)	-6.4%
OPERATING INCOME/LOSS	(2,236,019)	488,922	544,365	55,443	11.3%

Revenues

- The increase in charges for current services is primarily the result of an additional 2,178 new residential sewer customers over the past twelve months, as well as an 8.5% rate increase that went into effect on August 1, 2006.
- Decreased interest revenue is the result of a 16% lower average daily cash balance combined with a 6% increase in the yield on the portfolio for the month of July.
- A reduction in the amount of engineering services charged to the various sewer projects accounts for the decrease in other revenues.

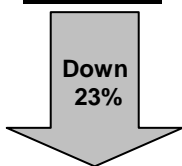
Expenses

- Reduced staffing expenses are the result of temporary vacancies.
- An increase in engineering services charged to sewer operations, information technology services and vehicle maintenance charges are the primary factors in higher interdepartmental services.
- Capital outlay expenses in the prior fiscal year included the purchase of an internal gas alarm monitor.
- A reduction in the safety equipment purchases accounts for a majority of the decrease in miscellaneous expenses.

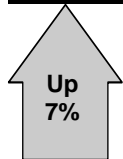
REDEVELOPMENT AGENCY

CARLSBAD REDEVELOPMENT AGENCY
VILLAGE PROJECT AREA
OPERATIONS, DEBT SERVICE AND CAPITAL FUNDS
JULY 31, 2007

	BUDGET FY 2007-08	YTD 07/31/2006	YTD 07/31/2007	CHANGE FROM YTD 2006-07 TO YTD 2007-08	PERCENT CHANGE
REVENUES					
PROPERTY TAXES	2,748,000	0	0	0	0.0%
INTEREST	70,000	6,902	12,022	5,120	74.2%
OTHER REVENUES	48,500	15,950	5,580	(10,370)	-65.0%
TOTAL OPERATING REVENUE	2,866,500	22,852	17,602	(5,250)	-23.0%
EXPENDITURES					
STAFFING	186,474	12,551	17,489	4,938	39.3%
INTERDEPARTMENTAL SERVICES	94,893	7,105	7,908	803	11.3%
RENTALS & LEASES	170,254	121,732	124,726	2,994	2.5%
DEBT EXPENSE	1,046,165	0	2,000	2,000	100.0%
CAPITAL OUTLAY	992,874	17,234	375,769	358,535	2080.4%
OUTSIDE SERVICES, MAINT & MISC	141,074	96,196	30,043	(66,153)	-68.8%
TOTAL OPERATING EXPENDITURES	2,631,734	254,818	557,935	303,117	119.0%
TOTAL OPERATING REVENUES OVER EXPENDITURES	234,766	(231,966)	(540,333)	(308,367)	132.9%

Revenues

- The first installment of property tax revenues will be received in October 2007.
- Increased interest revenue is the result of a 45% higher average daily cash balance combined with a 6% increase in the yield on the portfolio for the month of July 2007.
- The expiration of the Children's Museum building lease and the Pizza Port parking lot lease have negatively impacted other revenues.

Expenditures

- Increased staffing costs are the result of normal salary and related benefits increases, the reallocation of staff salaries and the filling of a previously vacant part-time position.
- Higher interdepartmental charges are the result of the increased costs of information technology services.
- Debt expenses to date represent arbitrage costs on the Agency's bonds.
- The majority of the capital outlay expenditures relate to the Senior Center expansion.
- During the previous fiscal year, the Agency was conducting a downtown village retail analysis and revitalization project, as well as performing a design standards review, as reflected in the reduction in outside services, maintenance and miscellaneous expenditures.